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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

### Division of Oil, Gas & Mining

ROBERT L. MORGAN  
Executive Director

LOWELL P. BRAXTON  
Division Director

Supervisor TH for DH

### Inspection Report

#### Minerals Regulatory Program

Report Date: September 23, 2004

**Mine Name:** Dragon Mine  
**Operator or Permittee Name:**  
Atlas Mining Company  
**Permittee Mailing Address:**  
630 E. Mullen Ave  
PO Box 968  
Osburn, ID. 83849-0968

**Permit number:** S/023/080  
**Inspection Date:** Sept. 15, 2004

**Inspector(s):** Doug Jensen  
Tom Munson  
**Other Participants:** Ron Harris

**Weather:** sunny  
**Inspection Start Time:** 11:00 AM  
**Inspection End Time:** 12:00 Noon  
**Site location/Area Inspected (i.e. Pit #):**  
All

**Permit Status:** active  
**Current Acreages:** 4.69 acres  
**Total Permitted (Bonded):** none  
**Total Disturbed:** 4.69 acres

**Surface Ownership:** private  
**Mineral Ownership:** private  
**Mineral Mined:** halloysite  
**Type of Mine:** underground

Elements of Inspection	Evaluated	N/A	Comment	Enforcement
1. Permits, Revisions, Transfer, Bonds	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Public Safety (open shafts, adits, trash, signs, highwalls)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Protection of Drainages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Explosives, magazines	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Deleterious Material	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Roads (maintenance, surfacing, dust control, safety)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Concurrent Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Erosion Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Demolition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Backfilling and Grading (trenches, pits, roads, highwalls, shafts, drill holes)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Water Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Soils	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Air Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Other	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Inspection Date: September 15, 2004; Report Date: September 23, 2004  
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S/023/080

**Purpose of Inspection:** The purpose of the inspection was to determine what work had occurred at the site to date.

**Inspection Summary:**

1) Permits – The operation was permitted as a Small Mining Operation, but the exact particulars of what was to occur on the ground was not clear. Therefore, after visiting the site and determining that an underground mine was being developed, a mill building constructed, a mill constructed, and a concrete ore pad built, the operator as contacted and informed that he would now have to bond for the demolition of these structures, general regrading of the site, and update his permit. The site is built on an old ore dump and, therefore, there was no existing vegetation when the site was disturbed. As such, the reclamation of this site will only involve removal of the building, concrete pad and closing of the underground opening. A meeting was immediately scheduled with the operator's representative, William Jacobson, for 4:00 p.m. on September 22, 2004, at the Division offices. A commitment was made at this meeting to submit an updated permit and appropriate bond to demolish the structures onsite during the reclamation phase.


2) Public Safety – It appeared from our inspection that all the proper signage precautions have been taken to prevent the public from being uninformed of the hazards found on a mine site.

15) Other – The site was clean and well organized. It appears for the material being mined and processed that the company is serious about making a hallyosite product for export.

**Directions to the site:** The site is found at the location of the Historic Dragon Mine, south of the town of Eureka, Utah.

**GPS data:** The site was GPS'd and the area of disturbed ground was found to be 4.69 acres (see attached map).

**Inspector's Signature**



**Date: September 23, 2004**

TM:jb

Enclosures: Photos and GPS map

cc: Ron Harris, Operator

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Sept. 15, 2003



DRAGON MINE  
S/023/080

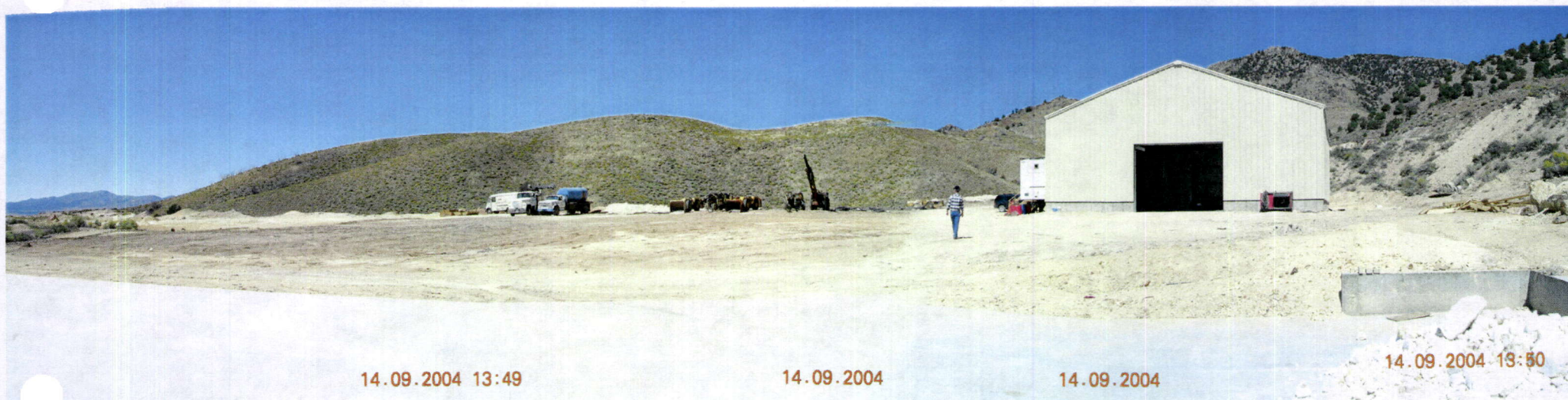


PANORAMA OF SITE

9/14/2004



DRAGON MINE  
S023/080



PANORAMA OF SITE



510231000



FIELDTRIP91504 022.JPG 2004/09/14 14:10:49

SITE OVERVIEW ←



FIELDTRIP91504 021.JPG 2004/09/14 14:10:36



FIELDTRIP91504 023.JPG 2004/09/14 14:11:00



S/023/080



14.09.2004 13:54

ADIT ACCESS ROAD

FIELDTRIP91504 018.JPG 2004/09/14 13:54:29



14.09.2004 14:05

GENERATOR BUILD.

FIELDTRIP91504 020.JPG 2004/09/14 14:05:43



14.09.2004 13:52

ADIT

FIELDTRIP91504 017.JPG 2004/09/14 13:52:33



14.09.2004 13:55

OFFICE

FIELDTRIP91504 019.JPG 2004/09/14 13:55:48



5/023(080)



14.09.2004 13:50

NEW MILL BUILDING

FIELDTRIP91504 014.JPG 2004/09/14 13:50:14



14.09.2004 13:50

HALLSITE

FIELDTRIP91504 016.JPG 2004/09/14 13:50:37



14.09.2004 13:50

MINING EQUIPMENT

FIELDTRIP91504 013.JPG 2004/09/14 13:50:02



14.09.2004 13:50

MILL BUILDING

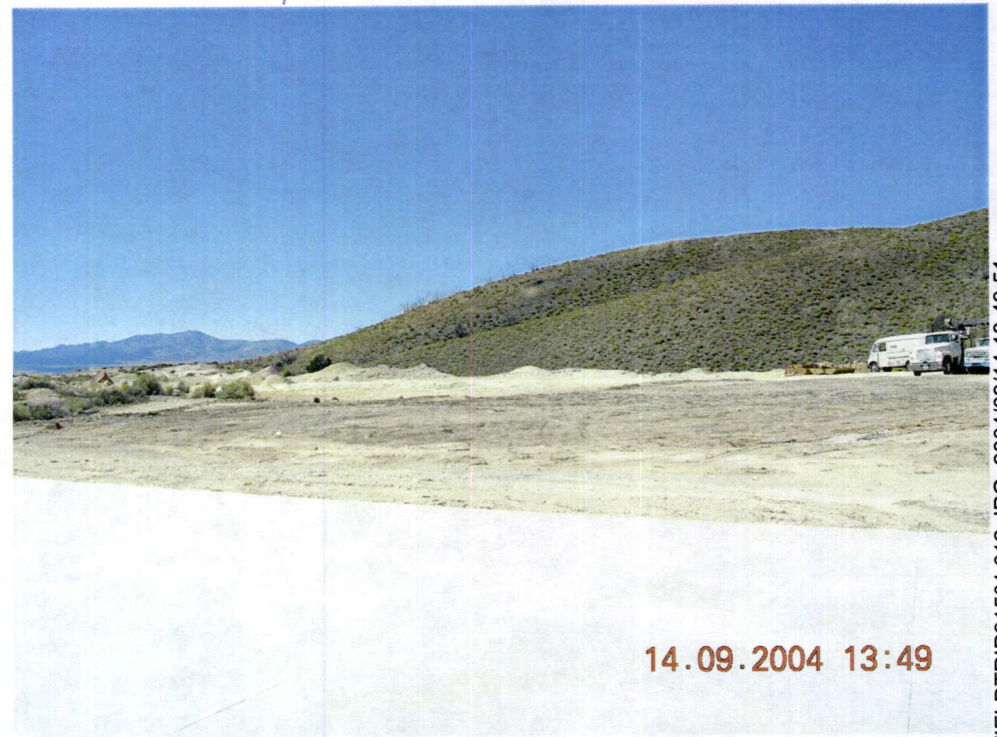
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PRODUCT HOPPER

FIELDTRIP91504 010.JPG 2004/09/14 13:45:31



PAD AREA

FIELDTRIP91504 012.JPG 2004/09/14 13:49:51



NEW MILL

FIELDTRIP91504 009.JPG 2004/09/14 13:45:18



STORAGE PAD

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